

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3427-01  
Bill No.: HB 1304  
Subject: Health Care; Health, Public; Insurance - Medical  
Type: Original  
Date: February 4, 2002

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
General Revenue*	(Unknown)	(Unknown)	(Unknown)
Insurance Dedicated	\$9,850	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\*Expected to exceed \$100,000 annually.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Revenues and expenditures are expected to exceed \$100,000 annually and would net to \$0.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from the **Department of Conservation (MDC)** assume this proposal would not fiscally impact their agency.

**Department of Insurance (INS)** officials state that insurers and HMOs would be required to amend their policies to comply with this proposal. Amendments must be filed with INS. INS estimates that 171 insurers and 26 HMOs would be required to file at least one amendment to their policy form with a filing fee of \$50, resulting in revenue of \$9,850 in FY 2003. INS has reached capacity in policy form reviews and the additional workload created by this proposal would cause delays in policy form reviews. Additional staff are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form amendments, INS would need to request additional staff to handle the increase in workload.

Officials from the **Department of Transportation (DHT)** state this proposal would require certain coverage for the management and treatment of diabetes. DHT states this proposal would have no fiscal impact on DHT. The Highway & Patrol Medical Plan is not expressly mentioned in this proposal, but under section 104.801 RSMo. the Medical Plan would have to offer similar coverage. DHT states currently, the Medical Plan provides coverage for all the items listed and does not adjust co-pays, coinsurance, deductibles, rates, premiums or maximum benefit to cover the cost of this coverage.

In addition, DHT states the Medical Plan does not limit the type of care an enrollee receives. Therefore, the section pertaining to a health insurance carrier being required to include a panel of endocrinologists in its network to which an enrollee may appeal any denial of care by such enrollee's physician if such physician is not an endocrinologist, does not apply. As a result, DHT assumes this proposal would have no fiscal impact on the Highway & Patrol Medical Plan. Officials from the **Department of Public Safety - Missouri State Highway Patrol (MHP)** concur with this response.

**Missouri Consolidated Health Care Plan (HCP)** officials state that this proposal requires coverage for any meter that the patient feels comfortable with, excludes diabetes prescriptions when calculating the maximum prescription benefit, allows the member's physician to choose where and by whom the member receives self-management training, and prohibits the health plans from raising their co-payments, coinsurance or deductibles because of this law.

Currently, HCP's plans cover diabetic supplies, medicines and self-training. HCP does not have a maximum prescription benefit. Some of the plans currently, however, direct the members toward certain plan-approved meters. This bill allows members to pick meters of their choosing.

HCP states a local pharmacy quoted a range of prices from \$19.95 to \$73.59 for diabetic meters.

ASSUMPTION (continued)

They stated other meters are available at prices higher than these but they did not currently have any in stock. HCP states the plans may have a contract with certain suppliers who provide the meters at a contracted or discounted rate to the plans. HCP assumes if the member is allowed to choose any meter, the plans lose the ability to control this cost. HCP states the plans would recoup this cost through increasing premiums, but the overall effect may not be significant.

HCP states allowing coverage for self-management training "where and by whom the covered person's physician requests" could add some additional costs. However, in gatekeeper plans, members are still required to choose a participating PCP. The participating PCP normally refers members to network providers. Currently, both of HCP's POS plans are open access plans. If a member chooses a nonparticipating provider, coverage is available out of network. The member is then responsible for a deductible and coinsurance. Therefore, assuming most of the referrals would remain in the network, HCP assumes this portion of the bill will not significantly fiscally impact HCP.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state the proposed legislation would have a fiscal impact to DMS. The fiscal impact is unknown but DMS expects it to be greater than \$100,000.

DMS states an increase in expenditures may be seen if a patient is allowed to use any meter that he/she feels comfortable with. Currently the DMS reimburses up to \$85 for a basic glucose monitor. DMS states glucose monitors with special features such as voice synthesizers or automatic timers are available if a person is blind. The reimbursement for this type of monitor is up to \$308. DMS assumes the proposed legislation would allow anyone to request the special monitors; the additional cost for each special monitor would be \$223 (\$308 - \$85). However, DMS states the number of recipients who would want a monitor with special features is unknown.

DMS states the requirement that self-management training would be covered "where and by whom the covered person's physician requests" would not have a fiscal impact on the DMS. Currently, the physician can refer the Medicaid recipient to any provider who is enrolled under the Medicaid Diabetes Self Management Training program. Federal law 42 CFR 440 requires that providers meet certain criteria - must be licensed by the state and practicing within the state's scope of practice laws. A provider enrolled in the Medicaid Diabetes Self Management Training program must be either a Certified Diabetes Educator (CDE), Registered Dietician (RD), or Registered Pharmacist (Rhp). The DMS would consider expanding the provider criteria when additional national certification programs are developed or the Missouri Department of

Health develops a training and certification program for diabetes educators. It is assumed the DMS would continue to require providers to meet enrollment criteria.

ASSUMPTION (continued)

DMS assumes a fiscal impact will result from the requirement that a panel of endocrinologists be available to review any denial of care of a recipient. The recipient would have the right to appeal any denial of care to a panel of endocrinologists if the denial of care was made by a physician who is not an endocrinologist. DMS states currently, all recipients are allowed to appeal denied services. DMS assumes no fiscal impact from the fee-for-service side since the DMS has access to a specialist through a contract with a provider. The health plans may need to add endocrinologists to their staff to review appeals of denial for recipients who are enrolled in the MC+ program. DMS states there are eight health plans with one plan in three regions who may have to contract with differing endocrinologists in each region. DMS assumes all will have contracts with multiple endocrinologists to staff a panel. The fiscal impact is unknown, but is expected to be greater than \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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**GENERAL REVENUE**

<u>Costs - Department of Social Services</u>			
Medical assistance payments*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>
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\*Expected to exceed \$100,000 annually.

**INSURANCE DEDICATED FUND**

<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$9,850</u>	<u>\$0</u>	<u>\$0</u>

<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$9,850</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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**FEDERAL FUNDS**

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Income</u> - Department of Social Services Medicaid Reimbursements	Unknown	Unknown	Unknown
<u>Costs</u> - Department of Social Services Medicaid Reimbursements	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS*</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**\*Income and Costs expected to exceed \$100,000 and would net to \$0.**

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

#### FISCAL IMPACT - Small Business

Small health maintenance organizations (HMO) could be affected by this proposal.

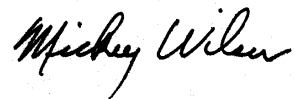
#### DESCRIPTION

This proposal prohibits health insurance entities from using diabetes as a factor in determining an enrollee's premium. Entities must also provide coverage for medications required for the management and treatment of diabetes. Diabetes medication cannot be considered in determining any maximum prescription benefit amount. Entities cannot raise co-payments, coinsurance, or deductibles to cover any increased costs created by the bill.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Conservation  
Department of Insurance  
Department of Transportation  
Department of Public Safety  
Missouri State Highway Patrol  
Department of Social Services  
Missouri Consolidated Health Care Plan



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February 4, 2002